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COMMITTEE MEETING
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD
SUSTAINABILITY AND MARKET DEVELOPMENT COMMITTEE

JOE SERNA, JR., CALEPA BUILDING
1001 I STREET
2ND FLOOR
SIERRA HEARING ROOM
SACRAMENTO, CALIFORNIA

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMITTEE MEMBERS

Ms. Cheryl Peace, Acting Chair

Ms. Pat Wiggins

BOARD MEMBER ALSO PRESENT

Ms. Margo Reid Brown

STAFF

Mr. Mark Leary, Executive Director

Ms. Julie Nauman, Chief Deputy Director

Ms. Debbie Balluch, Executive Assistant

Mr. Elliot Block, Staff Counsel

Ms. Bendan Blue, Board Advisor

Mr. Robert Conheim, Acting Deputy Director

Ms. Kaoru Cruz, Staff

Mr. Scott Harvey, Board Advisor

Mr. Chris Peck, Board Advisor

Ms. Sherrie Sala-Moore, Acting Branch Manager

Ms. Yasmin Satter, Staff

Ms. Lorraine Van Kekerix, Acting Deputy Director

ALSO PRESENT

Mr. John Souza, Recycling Coordinator, El Dorado County

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1 PROCEEDINGS

2 ACTING CHAIRPERSON PEACE: Good morning. Thank
3 you all for being so patient. Welcome to the
4 Sustainability and Market Development Committee on April
5 4th, 2006. I'll be Chairing the Committee this morning in
6 Board Member Petersen's absence.

7 Deb, will you please call the roll?

8 EXECUTIVE ASSISTANT BALLUCH: Peace?

9 ACTING CHAIRPERSON PEACE: Here.

10 EXECUTIVE ASSISTANT BALLUCH: Wiggins?

11 COMMITTEE MEMBER WIGGINS: Here.

12 EXECUTIVE ASSISTANT BALLUCH: Petersen?

13 ACTING CHAIRPERSON PEACE: Please let the record
14 show that Board Member Petersen isn't here today because
15 he cannot travel. I you know we all wish him well and
16 hope he is back soon. So, Gary, if you're listening, we
17 miss you.

18 Also please let the record show that Chair Margo
19 Reid Brown is also here joining us today. So thank you
20 for being here.

21 At this time we need to please put your cell
22 phones and pagers on the vibrate mode or meeting mode.
23 There are agendas on the back table and also speaker
24 slips. If anyone would like to address the Committee on
25 an item, please bring your speaker slip to Ms. Balluch

1 right over here.

2 And Board Member Wiggins, do you have any ex
3 partes?

4 COMMITTEE MEMBER WIGGINS: No.

5 ACTING CHAIRPERSON PEACE: And I'm also up to
6 date.

7 It is my understanding that we'll hear Items 2
8 and 3 this morning, and then we'll take a short five-,
9 ten-minute break, and then we'll resume with Item Number 4
10 as a Board workshop on the Overview of the Diversion Rate
11 Measurement System and Accuracy Issues.

12 First we have a Deputy Director's Report.

13 ACTING DEPUTY DIRECTOR CONHEIM: Chair Peace,
14 thank you very much. Good morning.

15 ACTING CHAIRPERSON PEACE: And congratulations to
16 you, Bob.

17 Bob has been asked and he has agreed to serve as
18 the Acting Deputy Director for the Waste Prevention and
19 Market Development Division. So congratulations to you.

20 ACTING DEPUTY DIRECTOR CONHEIM: I'll not sure
21 it's a congratulatory event. On the other hand, I'm very
22 excited, Chair Brown as well and Member Wiggins, Chair
23 Peace. And I'm very happy to be here this morning as the
24 new Acting Deputy Director of the Waste Prevention and
25 Market Development Division.

1 My sole purpose is to be here to help and to
2 provide leadership to both staff and management and the
3 Board and to be here to help you address your concerns.
4 Our current priority is program evaluation. We take it
5 very seriously. We think it's a wonderful opportunity
6 even though it's a difficult opportunity. We're glad to
7 be here to do that. And the division staff is compiling
8 white papers as directed by management, and we will go
9 beyond describing our programs.

10 We want to give you the full picture and rich
11 information, the richest information possible, so that you
12 have the ability to fully analyze, fully discuss, fully
13 deliberate, and make decisions about what you believe
14 should be the priorities of this Board. We are at your
15 service as you move forward and would be happy to discuss
16 any questions you have. We don't have any items to bring
17 to the Committee this morning, but I do have a couple of
18 items for the Deputy Director's report. Let me just go
19 through them if I may so that you're fully informed.

20 The Office of Administrative Law published Notice
21 of Proposed Rulemaking for the implementation of the
22 Electronic Waste Recycling Act. We did that in the March
23 24th California Regulatory Notice Register. That started
24 a 45-day comment period on March 24th, and that will
25 end -- that written comment period will end at 5:00 p.m.

1 on May 8th, 2006. And then the Board will conduct a
2 public hearing in the Coastal Hearing Room at this address
3 on May 9th. The hearing will begin at 10:00 a.m. and
4 conclude after all testimony is taken.

5 Even though the public comment period is over,
6 comments will be received after that deadline and during
7 the comment period, the public hearing. So we're really
8 excited about getting to the final deliberation over the
9 e-waste regulations.

10 Before I move on to one last item, do you have
11 any questions about those regulations? We'll have plenty
12 of opportunity to discuss them, and it's going to be a
13 robust discussion.

14 My purpose in being with you and helping lead the
15 division is to just make sure that you have enough
16 information to have the most robust discussion that you
17 will want to have.

18 Now one more item. On April 17th and 18th, the
19 Board will be sponsoring the Emerging Technology Forum at
20 the Sacramento Convention Center. The purpose of the
21 forum is to hear discussions on non-combustion thermal,
22 chemical, and biological alternatives to land disposal of
23 residual materials that cannot be diverted through
24 recycling and composting markets. International speakers
25 will talk about their experiences in operating facilities

1 that use solid waste that cannot be diverted as feedstock.
2 There will be presentations from representatives from
3 other states, California State agencies as to why they are
4 exploring these emerging technologies. There are over 100
5 registrants so far representing public utilities, solid
6 waste industry, resource conservation districts, solid
7 waste authorities and public works agencies, local
8 enforcement agencies, state agencies, and local government
9 decision makers.

10 And those are the two items that I wanted to
11 report in the Deputy Director's Report. And I turn the
12 meeting back over to you, Madam Chair Peace, to continue
13 with the other agenda items.

14 Do you have any questions of me as the WPMD
15 person before you move on to the agenda?

16 ACTING CHAIRPERSON PEACE: I don't have any
17 questions, but I'm really excited about this conversion
18 technology, emerging technology forum that we're going to
19 have. Because in my view, we have to consider conversion
20 technologies as part of our waste management arsenal.

21 ACTING DEPUTY DIRECTOR CONHEIM: This is well
22 organized, and we'll have again a robust discussion so
23 that the Board gets information. It needs to make
24 decisions about which directions it wants to pursue in
25 proceeding.

1 Thank you very much for allowing me to make this
2 report to you this morning.

3 ACTING CHAIRPERSON PEACE: Are there any other
4 questions, comments?

5 Okay. We're on to first item, Number 2.

6 ACTING DEPUTY DIRECTOR VAN KEKERIX: Did you want
7 the Deputy Director Report for DPLA?

8 ACTING CHAIRPERSON PEACE: Sure. I'm sorry,
9 Lorraine.

10 ACTING DEPUTY DIRECTOR VAN KEKERIX: My name is
11 Lorraine Van Kekerix. I'm the Acting Deputy Director for
12 the Diversion, Planning, and Local Assistance Division.
13 And good morning, Board members.

14 I have two items to report on where our Office of
15 Local Assistance has been focusing on construction and
16 demolition waste. The first is that the Office of Local
17 Assistance staff presented information on the Board's
18 model construction and demolition ordinance and moderated
19 panel of local government and industry speakers at a Board
20 workshop titled, "Winning with Green: LEED Focus Seminar
21 on C&D Recycling." The attendance included local
22 government, industry, and building consultants, and
23 approximately 50 people attended each of the OLA
24 workshops.

25 The Office of Local Assistance is planning a

1 Board C&D forum titled "C&D Forum: Closing the Loop on
2 Construction and Demolition Materials." This forum will
3 be held on May 31st here in the Coastal Hearing Room and
4 will also be broadcast on the web for those people who are
5 unable to attend. The focus of this program is to show
6 how local governments can close the C&D materials loop by
7 developing infrastructure and markets related to C&D
8 waste. This forum will provide an opportunity to learn
9 from local governments some of what is currently being
10 done and what they propose as future developments in the
11 area of C&D diversion.

12 Then I have a couple of items to tell you about
13 on submission of annual reports. The State Agency
14 Assistance Section is gearing up to review the 400 plus
15 annual reports that are due from State agencies and large
16 State facilities. The reports cover the programs and
17 activities that were occurring in 2005 and identified the
18 solid waste disposal and diversion for each of the State
19 agencies. Staff reports that 256 of the 400 reports have
20 been submitted. Eighty-four of the reports have been
21 started but not submitted. And 65 of the agencies have
22 not yet started their reports. Staff will be calling the
23 State agencies to get the remaining 149 reports submitted
24 to us.

25 On the OLA side, the Office of Local Assistance

1 side, jurisdictions' submittal and staff review of the
2 2004 local government annual reports and time extension
3 reports are proceeding according to plan. To date, 412 of
4 the jurisdictions have submitted their electronic annual
5 reports, and 101 of 107 jurisdictions that have
6 Board-approved time extensions have submitted the updates
7 on their time extensions.

8 There are approximately 12 jurisdictions that
9 have not yet submitted their annual report and six
10 jurisdictions who have not submitted their final time
11 extension status update. The Board's staff sent letters
12 to these jurisdictions asking that the missing documents
13 be submitted by April the 1st. We do not yet have those
14 that I told you about, and Local Assistance staff will
15 continue to make site visits, meet with local government
16 representatives to discuss the information that's reported
17 in the local jurisdiction annual reports. And this is in
18 preparation for the upcoming biennial reviews that will be
19 coming to this Committee later in the year.

20 At next month's Sustainability and Market
21 Development Committee, we will have another workshop, the
22 third in our series of informational workshops for the
23 Board, and that will present an overview of waste
24 characterization data. Waste characterization is
25 information on the types and amounts of materials that are

1 in the waste stream and where those materials come from.
2 And it has been a very important tool for the Board in
3 making policy decisions over the years. So that's the
4 workshop that's coming up next month.

5 And Item Number 4 on today's agenda will be a
6 workshop on Diversion Rate Measurement System and accuracy
7 issues for the Board members.

8 And that ends my Deputy Director Report. Any
9 questions?

10 ACTING CHAIRPERSON PEACE: I guess I just have
11 one. When we don't get reports from the State agencies
12 when they're supposed to be in or we don't get reports
13 from jurisdictions by the due date and you say we contact
14 them, we send them letters, is there anything stronger
15 that we can do? Because they're told way in advance when
16 the due date is; right?

17 ACTING DEPUTY DIRECTOR VAN KEKERIX: Yes. They
18 are told well in advance of when the due date is. But
19 there aren't any enforcement options that we have other
20 than encouraging them to get them in. At some point in
21 terms of the jurisdictions, if they don't get a report in,
22 we could move to biennial review without the benefit of
23 their information, and they would probably not do very
24 well. But we're still at the point of working with them
25 to try to get the information in. And all but 12 of the

1 jurisdictions have gotten us information.

2 ACTING CHAIRPERSON PEACE: That's a pretty good
3 amount.

4 ACTING DEPUTY DIRECTOR VAN KEKERIX: That's 12
5 out of 424 that have not yet submitted.

6 ACTING CHAIRPERSON PEACE: Sounds good. We're
7 ready to move on.

8 ACTING DEPUTY DIRECTOR VAN KEKERIX: So we'll
9 move on to Item Number 2. It's Consideration of the
10 Amended Nondisposal Facility Element for the City of
11 Stockton, in San Joaquin County. And Yasmin Satter is the
12 staff person who will make the presentation.

13 MS. SATTER: Good morning, Committee members.

14 The City of Stockton is amending its Nondisposal
15 Facility Element by identifying and describing A Plus
16 Material Recycling Facility. The City has submitted all
17 required documentation for this facility. Staff therefore
18 recommends approval of this amendment.

19 This concludes my presentation. A representative
20 from the A Plus Material Recycling Facility is present
21 here if you have any questions for him. Thank you.

22 ACTING CHAIRPERSON PEACE: Do you have any
23 questions or comments? Do I hear a motion?

24 COMMITTEE MEMBER WIGGINS: Yes. I move adoption
25 of Resolution 2006-53.

1 ACTING CHAIRPERSON PEACE: I'll second that. We
2 have a motion by Board Member Wiggins and a second by
3 Board Member Peace.

4 Take the roll, please.

5 EXECUTIVE ASSISTANT BALLUCH: Wiggins?

6 COMMITTEE MEMBER WIGGINS: Aye.

7 EXECUTIVE ASSISTANT BALLUCH: Peace?

8 ACTING CHAIRPERSON PEACE: Aye.

9 And if there's no objection, we'll put this on
10 consent.

11 ACTING DEPUTY DIRECTOR VAN KEKERIX: The next
12 item is Consideration of a Request to Change the Base Year
13 to 2003 for the Previously Approved Source Reduction and
14 Recycling Element and Consideration of the Petition for
15 Sludge Diversion Credit for the Unincorporated Area of El
16 Dorado County. And Kaoru Cruz will be making the
17 presentation.

18 MS. CRUZ: Good morning, Committee members.

19 The unincorporated area of El Dorado County has
20 requested to change its base year to 2003. The County
21 originally submitted a new base year change request with a
22 diversion rate of 56 percent. As a result of staff
23 verification findings, staff is recommending changes to
24 the base year data which will adjust the accepted base
25 year diversion tonnage. These changes to the tonnage

1 still yield a diversion rate of 56 percent.

2 The County's request also includes a petition for
3 sludge diversion as well as a biomass diversion claim.
4 The sludge diversion claim accounts for 7 percent of the
5 diversion and biomass claim increases the County's
6 diversion rate by 5 percent for a diversion rate of 61
7 percent.

8 PRC Section 41781.1 allows that Board to grant
9 base year credit to jurisdictions hosting a sewage
10 processing facility for sewage sludge diversion program.
11 Additionally, Title 14 California Code of Regulations
12 Section 18775.2. outlines the criteria that each
13 jurisdiction must meet to petition the Board for sludge
14 diversion credit.

15 Staff has received and reviewed a petition from
16 the County requesting that their diverted sludge tonnage
17 be allowed to count towards these requirements. And let
18 me explain the sludge petition, how the sludge petition is
19 reviewed and analyzed. Requirement for jurisdiction, per
20 14 CCR Section 18775.2.(a)(1), in order to claim sludge
21 credit, a jurisdiction must submit a request that includes
22 a description of the proposal as diversion project, a
23 description of monitoring programs that will be
24 established to ensure that the sludge to be used in the
25 project does not pose a threat to public health or

1 environment, and written certification from the agent
2 responsible for implementing the project that the proposed
3 sludge to be used meets all applicable requirements of
4 State and federal law.

5 Additionally, pursuant to PRC Section 41781(b)
6 and 14 CCR Section 18720, 44, and 18722(m), a jurisdiction
7 must demonstrate that the sludge was a waste type disposal
8 in a bold permitted disposal facility in that original
9 base year, generated from a facility was in the
10 jurisdiction and normally disposed, which is comprised at
11 least .001 percent of the jurisdiction's total disposed
12 waste during the original base year.

13 Requirements for the Board's staff is: Upon
14 receipt of the petition, the staff review and analyze the
15 petition to determine whether sufficient information has
16 been included in the request to enable the Board to make a
17 finding. The Board's staff must notify the jurisdiction
18 in writing within 45 days as to whether the petition is
19 complete pursuant to the criteria set forth in Board's PRC
20 Section 41781.1 and 14 CCR Section 18775.2. Staff has
21 reviewed the petition and found that the County has met
22 the requirement.

23 In addition, PRC Section 41781.1 requires the
24 Board to consult with and obtain concurrence in the
25 finding from the agencies listed below: State Water

1 Resources Control Board and Regional Water Quality Control
2 Boards, State Department of Health Services, State Air
3 Resources Board and Air Pollution Control Districts, and
4 Air Quality Management Districts, and Department of Toxic
5 Substances Control.

6 Board staff has reviewed the data submitted by
7 the County and accept that the sludge has been adequately
8 analyzed and the material be used as described do not pose
9 a threat to public health or environment and are in
10 concurrence with requirements of these agencies.

11 Board staff has determined that the information
12 for the County's new base year, its petition for sludge
13 diversion credit, and its biomass diversion claim are
14 adequately documented. Therefore, Board staff is
15 recommending Option 4 of the agenda item and approve the
16 County's base year change with staff and/or Board
17 suggested modification with its petition for sludge
18 diversion credit as well as its biomass diversion claim.

19 John Souza from El Dorado County is present to
20 answer any questions.

21 This concludes my presentation. Thank you.

22 ACTING CHAIRPERSON PEACE: Do you have any
23 questions or comments?

24 BOARD MEMBER BROWN: Can you tell me in a little
25 bit more plain English why we determined they couldn't use

1 the biomass diversion credit for their new base year?

2 Could you explain that?

3 MS. CRUZ: They could. We included the biomass
4 diversion credit.

5 BOARD MEMBER BROWN: So their percentage is 61
6 percent? I thought it was 56 percent.

7 MS. CRUZ: Fifty-six percent is the total
8 generation we allow. Biomass credit will be calculated
9 every year, because the biomass tonnage will change every
10 year. So for 2003, after adding the biomass credit, it
11 will be 61 percent.

12 BOARD MEMBER BROWN: So they will get credit for
13 the 2003 year?

14 MS. CRUZ: Uh-huh.

15 ACTING DEPUTY DIRECTOR VAN KEKERIX: They will
16 get credit for the 2003 year. But you will see in our
17 workshop how the biomass credit works, and it's very
18 different than any of the other kinds of programs that we
19 have. It's one of those wrinkles in the law in terms of
20 measurement.

21 BOARD MEMBER BROWN: Thank you. And then I did
22 have a question for the operator.

23 ACTING DEPUTY DIRECTOR VAN KEKERIX: We have the
24 County representative.

25 BOARD MEMBER BROWN: I just was curious as to in

1 the materials it says, "The material captured through this
2 program is sent for composting or biomass." Do you have
3 an idea of how -- is that a percentage? Or are you going
4 to use most for composting? And what will that be used
5 for in application or --

6 MR. SOUZA: Are you referring to the sludge?

7 BOARD MEMBER BROWN: Yes.

8 MR. SOUZA: The sludge goes to Silver Ranch in
9 southeastern Sacramento County.

10 BOARD MEMBER BROWN: The green waste, I'm sorry.
11 "Cut and bundled green waste is collected curbside, and
12 the program has now transitioned to a containerized green
13 waste program, and that material is used for composting or
14 biomass."

15 MR. SOUZA: The material is brought down to K&M
16 here in Sacramento and processed, the green waste.

17 BOARD MEMBER BROWN: So it's not used for
18 composting in El Dorado County?

19 ACTING DEPUTY DIRECTOR VAN KEKERIX: Can you give
20 us a page reference that you're looking at?

21 BOARD MEMBER BROWN: 3-3, the top of the page,
22 program name and type, it talks about their curbside green
23 waste residential, curbside green waste.

24 MS. SATTER: I think the material is brought to
25 the K&M. That's the processing facility. So from there,

1 some material goes to a composting facility and some is
2 shipped to a biomass facility. So it's --

3 BOARD MEMBER BROWN: What is the composting used
4 for? Is it used for ADC?

5 MS. SATTER: No. We verify if it's used as ADC.
6 But, no, it will be going to the composting facility which
7 will be a soil amendment and used as -- it won't be used
8 as ADC at the landfill.

9 BOARD MEMBER BROWN: So we don't know whether
10 they would be using it for biomass? It's largely compost?

11 MS. SATTER: If it's going to the composting
12 facility, then it won't be shipped to the biomass from
13 there. Processed green waste, if it's going to the
14 biomass facility, then it will be used as a fuel at the
15 biomass facility. And if it's going to the composting
16 facility, the product end result will be a compost or soil
17 amendment.

18 BOARD MEMBER BROWN: So my question is, what
19 percentage of the material from your curbside green waste
20 recycling program goes to compost? Is it all of it?

21 MR. SOUZA: Yes.

22 BOARD MEMBER BROWN: So it isn't going to
23 biomass?

24 MR. SOUZA: We have a portion of biomass -- I'm
25 trying to remember what it was coming from. There's a

1 wood waste amount that goes to Woodland and then the one
2 in Rocklin.

3 BOARD MEMBER BROWN: Wood waste from C&D or just
4 from your green waste?

5 MR. SOUZA: Right.

6 BOARD MEMBER BROWN: So it's separated out?

7 MR. SOUZA: We will have a facility hopefully in
8 the future in the western slope with German technology
9 where they'll be composting on site. That's at the South
10 Tahoe Refuse Facility.

11 BOARD MEMBER BROWN: Okay. Thank you.

12 ACTING CHAIRPERSON PEACE: I've heard from other
13 jurisdictions that the residential curbside green waste is
14 usually so contaminated that it can't be used for
15 composting. So does any of their curbside green waste go
16 to ADC?

17 MS. SATTER: When we verify what was that ADC
18 amount from the landfills, it wasn't coming from the
19 curbside green waste. It was coming from either the
20 landscaper or other type of operator. And the curbside
21 green waste is usually going to the K&M, and that will be
22 processed there. And after that, it will be shipped to
23 the -- so I assume that if it's contaminated, it will be
24 proposed at the facility, K&M first, then screening
25 material will go to the composting facility.

1 MR. SOUZA: If I could add to that, the majority
2 of our containerized green waste is coming from El Dorado
3 Hills. Very few of our residents in the unincorporated
4 area have selected that third cart yet. We're still
5 working on them. Cameron Park, which is also another
6 service district, is trying to promote that third cart for
7 the green waste. That part of the program has been very
8 successful, very little if any contamination. The
9 majority of our green waste that's coming in a yellow bag
10 or by self-haul, there may be some there, but by the time
11 it's screened out, we aren't requesting any alternative
12 daily cover from that.

13 ACTING CHAIRPERSON PEACE: You must have some
14 good education then going on if you're getting clean
15 curbside green waste.

16 MR. SOUZA: El Dorado Hills was very successful.
17 I think you had the recycling ethic already there. And so
18 the public was very much behind the three carts.

19 ACTING CHAIRPERSON PEACE: I was also very
20 pleased to see the use of your construction and demolition
21 recycling facilities is expanding because you have a C&D
22 ordinance. It's great.

23 Do we have any questions?

24 COMMITTEE MEMBER WIGGINS: I move acceptance of
25 Resolution 2006-54.

1 ACTING CHAIRPERSON PEACE: I'll second that. And
2 we have a motion by Board Member Wiggins and a second by
3 Board Member Peace. Without objection, we'll substitute
4 the previous roll. Without objection, we'll put this on
5 consent.

6 And I guess now we're going to take a five- to
7 ten-minute break and rearrange the room and start with our
8 workshop.

9 (Thereupon a recess was taken.)

10 (Thereupon an overhead presentation was
11 presented as follows.)

12 ACTING DEPUTY DIRECTOR VAN KEKERIX: We're going
13 to go ahead and get started here. This is the Diversion
14 Rate Measurement System Workshop. And the staff will be
15 making a presentation on the Diversion Rate Measurement
16 System. And we'll be getting questions mostly from Board
17 members and advisors who are in the audience here today.

18 And this is being webcast. The slides that we
19 will be presenting are posted on the BAWDS site. If
20 people have access to that, they can print out the slides
21 or view them on the computer as we go along. We'll try to
22 say when we're moving to the next slide so people who are
23 listening into the broadcast can follow along.

24 I have been asked to have people state their
25 names before they ask a question as we go through this so

1 that the court reporter can get that into the transcript.
2 And so if we could all do that, that could be appreciated.
3 So let's get started. We're on slide number one,
4 the title slide.

5 --o0o--

6 ACTING DEPUTY DIRECTOR VAN KEKERIX: And we'll
7 move on to slide number two. The Diversion Rate
8 Measurement System is integral to the functions of the
9 Office of Local Assistance, sometimes we call that OLA;
10 and the Waste Analysis Branch, or WAB; and the Diversion,
11 Planning, and Local Assistance Division. We'll try to say
12 those each time instead of using the acronym, but just in
13 case we slip up, we call them OLA and WAB.

14 The Waste Analysis Branch staff collect, verify,
15 and maintain data for the rate measurement system, and the
16 Waste Analysis Branch staff develop and maintain automated
17 tools such as the default diversion rate calculator and
18 the electronic annual report that assists jurisdictions in
19 reporting to the Board each year.

20 Office of Local Assistance staff review the
21 annual reports and conduct biennial reviews and then bring
22 their analyses to the Board for Board consideration and
23 approval. And the Office of Local Assistance and Waste
24 Analysis Branch staff both provide jurisdictions with
25 technical assistance to help them in meeting their

1 diversion rate measurement goals.

2 --o0o--

3 ACTING DEPUTY DIRECTOR VAN KEKERIX: It is
4 important to note that diversion rate estimate is only one
5 indicator of diversion program success. Last month at the
6 overview of the Integrated Waste Management Act Waste
7 Management Planning and Review Process Board workshop, the
8 biennial review process was discussed in more detail.

9 At the March workshop, the assessment of
10 jurisdictions' compliance with the Integrated Waste
11 Management Act, we told you that compliance consists of
12 both goal measurement, what is the estimated diversion
13 rate; and diversion program implementation, were all the
14 planned programs implemented?

15 --o0o--

16 ACTING DEPUTY DIRECTOR VAN KEKERIX: We'd like to
17 give you some background information to help you better
18 understand the current diversion rate measurement system.
19 The Integrated Waste Management Act put responsibility on
20 jurisdictions which are cities, unincorporated counties,
21 or groups of cities and/or unincorporated counties that
22 have formed a regional agency to divert waste from
23 disposal. To achieve significant diversion required major
24 changes in behavior. And that's one thing this law is all
25 about, the changes in behavior that have occurred at

1 homes, businesses, and institutions statewide. Over the
2 last 15 years, there has been a tremendous shift to
3 diversion in homes, businesses, and institutions
4 throughout California, and these changes are reflected in
5 diversion and disposal changes overtime.

6 --o0o--

7 ACTING DEPUTY DIRECTOR VAN KEKERIX: In the
8 beginning, we started off with AB 939. The Integrated
9 Waste Management Act of 1989 is sometimes referred to as
10 AB 939. That Act required each city and county to conduct
11 solid waste generation studies. These studies looked at
12 the amounts and types of waste being disposed and
13 diverted.

14 Based on these studies, jurisdictions planned
15 programs and submitted their plans to the Board in the
16 source reduction and recycling elements. The Board
17 reviewed and approved the studies and planning documents.
18 It is important to note that this is the first time waste
19 generation data was quantified by all California
20 jurisdictions. And what the law anticipated was that
21 jurisdictions were to measure generation in 1995 and 2000
22 to show how they had met the 25 and 50 percent goals. But
23 there were a lot of issues with the original law, and
24 jurisdictions found that they got very limited diversion
25 data at very high cost.

1 Recyclers and businesses are not required to
2 provide data. And they had concerns about giving
3 jurisdictions data, because they thought the data would be
4 giving their competitors an advantage. So right off the
5 bat, we knew that they had very limited diversion data.
6 There was probably more diversion that was going on, but
7 it wasn't captured.

8 The other thing was that since there was no
9 uniform method for assigning disposal tons to
10 jurisdictions, you basically had a system that was set up
11 based on economics and what made sense for the haulers and
12 jurisdiction franchise agreements in terms of moving waste
13 to landfills, but we didn't have assignment of tons to
14 each jurisdiction. In a number of the urban areas, they
15 sat down, they assumed that all of the tons disposed were
16 disposed within a single county, and they divided up the
17 tons based on percentage of population.

18 Well, that did very well for jurisdictions that
19 were highly residential, but the jurisdictions that had
20 low population and lots of industry didn't get the kinds
21 of disposal tons that the businesses there generated. And
22 we discovered much of this after these original studies
23 had been done. So there were real issues. The
24 jurisdictions had a lot of concerns about continuing on
25 with this kind of a measurement system and they asked for

1 changes in the law.

2 --o0o--

3 ACTING DEPUTY DIRECTOR VAN KEKERIX: So in 1992,
4 AB 2494 modified the Diversion Rate Measurement System in
5 response to the difficulties that cities and counties
6 experienced in quantifying diversion in the initial
7 studies. So instead of again having to quantify
8 generation, that is both disposal and diversion in 1995
9 and 2000, we got to calculate diversion rates instead of
10 doing the actual measurement. What that did was it made
11 the initial generation studies the base year. Instead of
12 being done over and over, it made those base years more
13 important to the overall measurement system.

14 The initial generation studies that were
15 conducted were not conducted for the purpose of
16 establishing a base year for future measurement. So the
17 initial studies became that.

18 And the other thing that the law did because of
19 the problems with assigning disposal tons are -- excuse
20 me. I jumped ahead. With the base year, we had to have a
21 standard methodology for estimating the generation in
22 future years to prevent jurisdictions from being penalized
23 for changes in waste generation that were caused by
24 changes in population and the economy. And finally, the
25 change also required the Board to develop a standard

1 system to assign disposal tons, and that led to the
2 development of the disposal reporting system which is now
3 in regulations.

4 So moving on to the big picture slide.

5 --o0o--

6 ACTING DEPUTY DIRECTOR VAN KEKERIX: Before we
7 get into the details of the Diversion Rate Measurement
8 System, I'd like to review some big picture information.

9 --o0o--

10 ACTING DEPUTY DIRECTOR VAN KEKERIX: We have a
11 slide here that shows the system for a single material
12 type. This is plastic agricultural film, and this shows
13 you the kind of complexity of the flow of a single
14 material type.

15 There are lots of parties within the generation
16 disposal and diversion system. We have millions of waste
17 generators in each resident and business and institution.
18 There are thousands of haulers and processors of materials
19 around the state. And those include residential
20 self-haulers, business self-haulers, franchised waste
21 haulers, all the different materials processors around the
22 state. And then we have hundreds of disposal facilities
23 which include permitted transfer stations, material
24 recovery facilities, landfills, and transformation
25 facilities. So it's a very complex system. And as I

1 said, this is just one material type. You can multiply
2 that by all the other kinds of materials we divert around
3 the state, and it becomes very complex.

4 --o0o--

5 ACTING DEPUTY DIRECTOR VAN KEKERIX: There are
6 three components of the current Diversion Rate Measurement
7 System. The base year generation data comes from the
8 jurisdiction generation studies. The adjustment method is
9 to correct base data for changes in population and economy
10 overtime, and we use that to estimate the measurement year
11 generation, and measurement year disposal that comes from
12 the Disposal Reporting System regulations.

13 --o0o--

14 ACTING DEPUTY DIRECTOR VAN KEKERIX: And we are
15 going to start off with the first of three primary
16 components, the base year generation. And I'm going to
17 turn the mike over to Sherrie Sala-Moore. Sherrie is the
18 Acting Branch Manager for the Waste Analysis Branch. And
19 Sherrie was the staff person who was in charge of the
20 Board's first review of measurement accuracy issues here
21 at the Board, so she's had many, years of experience on
22 accuracy issues.

23 Sherrie, here you go.

24 ACTING BRANCH MANAGER SALA-MOORE: Okay. Good
25 morning. So as Lorraine said, we're going to start with

1 the base year generation component.

2 --o0o--

3 ACTING BRANCH MANAGER SALA-MOORE: The base year
4 is the very important foundation for the diversion rate
5 measurement system. It's important to emphasize that
6 accurate base year is critical for accurate diversion rate
7 estimates. Each jurisdiction, city, county, or regional
8 agency is required to establish a base year. So as this
9 new city incorporates, they're required to establish a new
10 base year generation, and they have to submit their
11 planning documents. Many jurisdictions have now updated
12 their base years since the original generation studies
13 were conducted in the early '90s. However, approximately
14 50 percent of the jurisdictions still have base years that
15 were developed in the early '90s.

16 --o0o--

17 ACTING BRANCH MANAGER SALA-MOORE: So the first
18 component when you're developing a base year is you have
19 to establish your disposal tons. Disposal is the amount
20 of waste generated by all the businesses and residences
21 that's either landfilled, transformed, or exported out of
22 state. Residents can include multi-family complexes,
23 single family homes, and other residential dwellings.

24 Since the base years, fortunately measuring
25 disposal has become much easier, because now we have the

1 Disposal Reporting System. But at the time of the
2 original studies, that wasn't in place yet.

3 A jurisdiction may dispose of waste at a single
4 disposal facility or at over 25 disposal facilities.
5 You'll note on some of these slides we have the Public
6 Resources Code as reference on the bottom if you are
7 interested in some further reading materials.

8 --o0o--

9 BOARD ADVISOR HARVEY: This is Scott Harvey. I'm
10 Advisor to Board Chair Margo Brown.

11 I have a question. You talked about 50 percent
12 of the jurisdictions had yet to establish new base years.
13 We had heard earlier that the first generation studies
14 tended to benefit cities that were primarily residential
15 because they got better numbers. Of that 50 percent, do
16 you know have they updated theirs or are they primarily
17 residential jurisdictions because they have "better
18 numbers" than they may be entitled to?

19 ACTING BRANCH MANAGER SALA-MOORE: I do think the
20 ones who did -- as they're getting towards needing to meet
21 the 50 percent goal and it becomes more difficult, more
22 people have looked at the base year and staff have worked
23 with those jurisdictions to point out that sometimes it's
24 actually easier to go back and redo -- now that you have
25 disposal, all you have to quantify is diversion. So it's

1 easier to do. I don't know how many or what type of
2 jurisdictions.

3 ACTING DEPUTY DIRECTOR VAN KEKERIX: The law does
4 not require that jurisdictions go back and establish a new
5 base year. If they establish a new base year, it's
6 typically voluntary or as a result of a Board compliance
7 order when they went through a biannual review process.
8 So they were required to establish the initial base year,
9 but there is no requirement in the law that they establish
10 a new base year.

11 BOARD ADVISOR PECK: Chris Peck, Board Member
12 Gary Petersen's office.

13 Is it fair to say that jurisdictions who do
14 conduct new base year studies wind up as a consequence
15 with a higher diversion rate?

16 ACTING BRANCH MANAGER SALA-MOORE: I don't know
17 that that's necessarily the case. I think it definitely
18 provides them with better information for planning
19 purposes as well as a more accurate diversion rate.

20 BOARD ADVISOR PECK: So we've actually had
21 jurisdictions that wound up with a lower diversion rate
22 after doing a new base year study?

23 ACTING DEPUTY DIRECTOR VAN KEKERIX: That is
24 correct. Some jurisdictions ended up with a lower base
25 year after they did a generation study. There aren't very

1 many of those. Many more of them improved partially
2 because we didn't have good diversion data in the
3 beginning. So if we got more participation in providing
4 diversion data, they would likely go up.

5 ACTING BRANCH MANAGER SALA-MOORE: The next
6 component when they're establishing the base year is to
7 quantify the diversion amounts. The diversion hierarchy
8 is source reduction, the waste prevention, reduce, reuse,
9 and recycling and composting.

10 As we already discussed, the law does not require
11 businesses including recyclers or composters to provide
12 data. And sometimes it's difficult to get information
13 from the businesses that consider data to be proprietary
14 information that perhaps could give competitors an edge.

15 Diversion is the amount of all business and all
16 residential waste recycled, composed, or source reduced
17 that's not disposed in the landfill. Jurisdictions
18 determine their diversion by gathering data from
19 businesses and residential programs. For many
20 jurisdictions, they found this to be a very timely and
21 costly process.

22 --o0o--

23 ACTING BRANCH MANAGER SALA-MOORE: Issues with
24 the base year, we've already touched on some of those.
25 Over time, we've identified more of the issues especially

1 as jurisdictions are scrutinizing the data more closely
2 because they're trying to reach the 50 percent goal.

3 And as Lorraine discussed, when the original
4 studies were conducted, they were not established for the
5 purpose of being used as base year data. Many of the
6 studies were conducted by consultants who may have
7 considered less generation in the initial studies to be a
8 better starting place, because then jurisdictions would
9 have to document less diversion to meet their goals.

10 There was very limited diversion data tracked and
11 available especially at the jurisdiction level. And as
12 we've already discussed, there's the issue with the
13 proprietary information. And all those things made it
14 difficult for jurisdictions to obtain comprehensive
15 diversion data.

16 The Disposal Reporting System did not exist yet
17 when the initial studies were conducted, so disposal data
18 was not commonly available, especially at the jurisdiction
19 level at that time. So over time, some jurisdictions have
20 discovered that important portions of their waste stream
21 were missed in the original base year studies usually
22 related to self-haul or seasonal fluctuations. Or as
23 Lorraine was discussing, they assigned it based on
24 population percentages. And so if you're highly
25 industrial, you weren't getting the proper amount of tons

1 assigned.

2 --o0o--

3 ACTING BRANCH MANAGER SALA-MOORE: The way
4 business was conducted in the early '90s was much
5 different than it is now. Facilities did not always have
6 scales or business reasons to track the weight or volumes
7 of the loads especially by jurisdiction origin.

8 Before the Disposal Reporting System, it was not
9 really understood how complex the waste flow is and how
10 the flow of waste changes significantly over time. For
11 example, now there are some counties that no longer have
12 any landfills within their county and they ship all of
13 their waste outside of the county.

14 And as we already discussed, there is no
15 requirement to make jurisdictions review their base year
16 data and do a new one.

17 --o0o--

18 ACTING BRANCH MANAGER SALA-MOORE: So the second
19 component of the measurement system is the adjustment
20 method.

21 --o0o--

22 ACTING BRANCH MANAGER SALA-MOORE: Changes in the
23 Integrated Waste Management Act require the Board to
24 develop a method to prevent jurisdictions from being
25 negatively affected by changes in population and the

1 economy. In 1993 and '94, a working group of interested
2 parties that consisted of jurisdictions, industry, Board
3 staff, and others developed a method that the Board
4 adopted in regulations. And that's in Public Resources
5 Code 41780.1. This was the first time in the nation that
6 this type of method was used for diversion rate
7 measurement.

8 The adjustment method provides a correction
9 mechanism to generation for changes in the population and
10 the economy. This allows a jurisdiction to make an
11 estimate of the measurement year generation without having
12 to measure both diversion and disposal as was required for
13 estimating base year generation tonnage.

14 The method was important for jurisdictions who
15 found measuring diversion difficult, the proprietary data
16 issues, no requirements for businesses to provide the
17 data. And it was a very time intensive costly process to
18 do. So using this method has saved jurisdictions a lot of
19 time and money.

20 The adjustment method is an estimation tool that
21 depends on an accurate base year generation amount. It's
22 not going to fix -- if you have a bad base year, the
23 adjustment method is not going to fix that.

24 --o0o--

25 COMMITTEE MEMBER WIGGINS: What does bad base

1 year mean?

2 ACTING BRANCH MANAGER SALA-MOORE: Inaccurate.

3 You missed portions of your self-haul waste or you picked

4 a year that was not representative of normal waste flow.

5 Waste generation data is highly correlated with

6 population and economic factors. So the adjustment method

7 was developed based on the premise that with all things

8 being equal, future growth and population and economic

9 factors would result in higher generation. So the

10 adjustment method is looking at the ratio of change over

11 time. For example, in taxable sales, if you have more

12 dollars, you have more waste. Population, you have more

13 people, generate more waste. If you have more employment,

14 you have more workers, they're generating more waste.

15 --o0o--

16 ACTING BRANCH MANAGER SALA-MOORE: The actual

17 formula and computational steps are shown on slide 19.

18 These are specified in regulations, and they're provided

19 here for reference purposes. But there are automated

20 tools that have been developed that greatly simplify using

21 the adjustment method. So we're not going into detail on

22 the actual formula in this presentation, but we are

23 prepared to do so at the end of this presentation if

24 requested.

25 --o0o--

1 ACTING BRANCH MANAGER SALA-MOORE: When
2 estimating the measurement year generation, the
3 residential and non-residential generation amounts must be
4 estimated separately, as they are affected definitely by
5 the changes in population and the economy. Population is
6 only used with the residential estimate. Business and
7 industrial waste generation are not as directly related to
8 population as the residential waste generation is.

9 So the residential and non-residential estimates
10 are computed separately in the adjustment method
11 computations and added together to find the total
12 measurement year generation tonnage.

13 --o0o--

14 ACTING BRANCH MANAGER SALA-MOORE: The adjustment
15 method uses four factors that take into account changes
16 occurring in a jurisdiction that might impact waste
17 generation tonnage. The adjustment method uses readily
18 available factor sources to keep costs down and to
19 maintain consistency from year to year.

20 Population data is obtained from the California
21 Department of Finance. Employment data is obtained from
22 the California Employment Development Department. And
23 taxable sales data is obtained from the California Board
24 of Equalization. There's also an inflation index used to
25 adjust taxable sales for changes in the rate of inflation,

1 and we're going to discuss this in a little bit more
2 detail in a few more slides. A jurisdiction can also
3 propose alternative adjustment factors for consideration
4 in their annual reports.

5 --o0o--

6 ACTING BRANCH MANAGER SALA-MOORE: This graph
7 shows the trends in the adjustment factors. And one thing
8 to really note on this is that it's the change, the ratio
9 of change each year. It's not the actual numbers.

10 This is actually a pretty interesting chart. And
11 it tells kind of what's been going on not only in waste,
12 but how it relates to the economy over through the '90s
13 into the 2000s. So this chart shows it on a statewide
14 level the percent change for population, employment, and
15 the adjustable taxable sales factors and compares that
16 with the changes in waste disposal.

17 The change in population is shown in black. And
18 as you can see, it has a pretty steady rate of increase.
19 The employment changes shown in red you see leveling off
20 in 2001. And you can actually see there's a negative rate
21 of change for inflation from 2001 through 2003 on the line
22 shown in green.

23 Part of that, of course, is due to what happened
24 in the economy and the slow down in the economy. But some
25 of this also relates to inflation correction, and we'll

1 talk about that more in another slide. Looking at the
2 disposal which is shown in blue, you see the significant
3 reductions in the early '90s through '96. And that's the
4 period of time where jurisdictions were implementing a lot
5 of diversion programs, but we also did have a recession in
6 that time.

7 Then statewide disposal started to increase. As
8 the economy improved, population was continuing to
9 increase. And then you see it level off a little bit
10 again. But as the economic recovery begins, you see the
11 changes in each year this is the rate of change in
12 disposal. You see it's beginning to increase.

13 Part of this increase we believe is related to
14 the economic recovery. Much of that has been driven by
15 increased construction activities. So there is a
16 component there we believe related to the construction
17 activities. But it's also the economy was rebounding. So
18 this really tells a story when you look at the information
19 on the slide.

20 --o0o--

21 ACTING BRANCH MANAGER SALA-MOORE: The inflation
22 factor is used in the adjustment method to correct taxable
23 sales for changes in the rate of inflation. If we don't
24 adjust for inflation, the diversion rates would be much
25 lower.

1 --o0o--

2 ACTING BRANCH MANAGER SALA-MOORE: Through the
3 2003 annual reports, the consumer price index was the only
4 inflation factor for use in the adjustment method. The
5 consumer prize index is obtained from the California
6 Department of Industrial Relations.

7 In 2004, the California State Board of
8 Equalization took the position that their taxable sales
9 deflator is more accurate than the consumer prize index
10 when adjusting for inflation and taxable sales. This is
11 because it accounts for the rate of change in inflation
12 for goods and services that are more aligned with taxable
13 sales, while the consumer price index reflects changes for
14 goods and services that are not subject to sales tax. And
15 there'll be a little bit more on this in the next slide.

16 The California Integrated Waste Management
17 Board's adjustment method working group and CIWMB staff,
18 the Board staff, reviewed the taxable sales deflator and
19 recommended the Board allow the use of the taxable sales
20 deflator index instead of the consumer price index. At
21 its September 2005 meeting, the Board directed staff to
22 allow the use of the taxable sales deflator index as an
23 acceptable alternative beginning with the 2004
24 jurisdiction annual reports which would soon be coming
25 due. The Board converts the taxable sales deflator to an

1 index to allow comparison of non-adjacent years such as
2 1990 and 2004.

3 --o0o--

4 ACTING BRANCH MANAGER SALA-MOORE: This is
5 another fairly interesting chart because you can really
6 see the difference in the rate of inflation measurements
7 here. You've got the consumer prize index in blue and the
8 taxable sales deflator index in the purple. And as you
9 can see, when we started out in 1990, we're using that as
10 our anchor year for each one so they start out at the same
11 place. But you can really see that as time progressed,
12 there's a huge deviation between the two rates of
13 inflation.

14 BOARD ADVISOR BLUE: Bendan Blue with Pat
15 Wiggins' office.

16 So if jurisdictions tend to use then this new
17 deflator index, how is that going to affect their
18 diversion rate? It looks like they're widely different
19 from one another.

20 ACTING BRANCH MANAGER SALA-MOORE: There's two
21 more things to this. One is that the consumer prize index
22 includes goods and services such as housing, medical,
23 education, fuel prices. So those things had a higher rate
24 of inflation, and you see that in the numbers. Whereas,
25 the taxable sales deflator does not include those types of

1 goods and services. So it's much flatter. And it does
2 increase -- typically, it does increase. It does not
3 reduce the diversion rate for jurisdictions that used the
4 taxable sales deflator.

5 COMMITTEE MEMBER WIGGINS: Could you repeat the
6 last slide again?

7 ACTING BRANCH MANAGER SALA-MOORE: For
8 jurisdictions that use the taxable sales deflator index
9 instead of the consumer prize index, for most of them --
10 well, for many of them, it will increase their diversion
11 rate. For some, there'll be no change, but it will not
12 reduce their diversion rate.

13 COMMITTEE MEMBER WIGGINS: Right.

14 --o0o--

15 ACTING BRANCH MANAGER SALA-MOORE: To estimate a
16 diversion rate, a jurisdiction starts with the base year
17 that includes both disposal and diversion. Then they
18 apply the adjustment method to account for the changes in
19 population, employment, economy. And this results in the
20 estimated measurement near generation.

21 To assist jurisdictions in estimating their
22 diversion rates, the Board has several tools available on
23 the website that will perform all of the calculations. So
24 we've tried to make it easy for jurisdictions to do this.

25 --o0o--

1 ACTING BRANCH MANAGER SALA-MOORE: Jurisdictions
2 are very, very diverse. And this is a one-size-fits-all
3 approach. So the adjustment method may not work as well
4 for some jurisdictions, and we're aware of this. For
5 example, jurisdictions that are very small. The smallest
6 in the state looks like Vernon with 95 individuals or that
7 are very fast growing. There's a lot down south in Orange
8 County and some areas down there that are very fast
9 growing. So it affects them a little differently. Or for
10 those that are mostly industrial. So as you can see, we
11 have the City of Industry has a decimal point of
12 residential. So in their case, they're pretty unique.
13 All the way to a 97 percent residential rate. So we're
14 trying to apply a one-size approach to a very diverse
15 group of jurisdictions.

16 --o0o--

17 COMMITTEE MEMBER WIGGINS: What do the
18 percentages on the residential represent?

19 ACTING BRANCH MANAGER SALA-MOORE: The percent of
20 the residentials represents what portion of the waste
21 stream is generated by the residential sector versus the
22 non-residential sector. So the residential sector would
23 include the homes, the apartments, waste coming from the
24 personal homes and individuals. Whereas, the
25 non-residential would be businesses and industry.

1 BOARD ADVISOR PECK: Sherrie, quick question.

2 Chris Peck again.

3 I just want to make sure I understand the impact
4 of the use, if jurisdictions opt to use it, of the taxable
5 sales deflator index. In the adjustment method then, the
6 use of the deflator index would tend to drive up waste
7 generation in the calculation? Is that what happens?

8 ACTING BRANCH MANAGER SALA-MOORE: Yes. Yes. It
9 would increase the waste generation. Using the consumer
10 prize index underestimates the waste generation.

11 BOARD ADVISOR PECK: Thank you.

12 ACTING BRANCH MANAGER SALA-MOORE: In 2000, SB
13 2202 required the Board to review the adjustment method
14 accuracy. Obviously, we're trying to do this one-size
15 approach. People had concerns. So over time we reviewed
16 it. So that was the first review. And we actually did
17 have some modifications in the regulations to improve the
18 method.

19 And then in 2004, the Board directed staff to
20 convene a working group to review the adjustment method
21 again and take another look at it. Because over time
22 maybe there's new factors that have become available.
23 Maybe there's a better way to do this now. Both of these
24 reviews confirmed that there is no better method for
25 estimating measurement year generation with the current

1 Diversion Measurement System for which there's readily
2 available data -- because that's one of the criteria. You
3 have to be able to get the data for all jurisdictions.
4 And there was no other system you can get all the data
5 readily available that was more accurate. There may be
6 more accurate methods if there was data available, but it
7 would be available to very limited number of
8 jurisdictions.

9 BOARD ADVISOR BLUE: My understanding though is
10 for jurisdictions they're either wanting to use an older
11 base year and apply the adjustment method factors to it to
12 get a current year diversion rate, or the alternative for
13 them is to do a new generation study each year.

14 ACTING BRANCH MANAGER SALA-MOORE: Doing a
15 generation study each year is an alternative, but they can
16 also do a new one-time base year study.

17 BOARD ADVISOR BLUE: But they do have a choice.
18 They don't have to rely on the adjustment.

19 ACTING BRANCH MANAGER SALA-MOORE: Yes. That's a
20 good point. If they choose to, they can not do the
21 adjustment method if they can measure their generation and
22 diversion every year. They can provide that information
23 in their annual reports, and then they would not need to
24 use the adjustment method.

25 --o0o--

1 ACTING BRANCH MANAGER SALA-MOORE: So typically
2 we find the adjustment method is seldom well understood.
3 While the adjustment method is often the central focal
4 point, additional investigations have often led to the
5 discovery that inaccuracies actually existed in the base
6 year data. It's really easy for people to look and say,
7 it's the adjustment method. But a lot of times when they
8 go back and look at the data more closely, the problems
9 often lie with the base year data. And as we already
10 said, a lot of jurisdictions have already gone back now
11 and redone their base years.

12 Data from other agencies used in the adjustment
13 method is not available until December in the year
14 following. So for the 2004 calendar year, we did not get
15 all of the factors until December -- late in December of
16 2005. There's a delay in getting this data. Then
17 jurisdictions need time to review and complete their
18 annual reports. And so there's quite a long delay for the
19 Board to receive jurisdictions' diversion rate estimates.

20 The one-size-fits-all approach of the adjustment
21 method as discussed in the earlier slides may not work as
22 well for some jurisdictions. That's another issue with
23 the adjustment method.

24 --o0o--

25 MR. SCOTT: This is Harvey Scott again.

1 Given what you've just said about this last
2 slide, seldom well understood, long delay, may not work
3 well for small jurisdictions, fast growing, industrial,
4 rural, these kinds of things, are we going to propose a
5 different methodology, something that's not
6 one-size-fits-all? Where are we in changing? Is that
7 coming up?

8 ACTING BRANCH MANAGER SALA-MOORE: You're
9 skipping ahead. That is in the presentation. Good
10 question. It's coming.

11 MR. SCOTT: Silly me.

12 ACTING BRANCH MANAGER SALA-MOORE: Now we move on
13 to the third of the components after the measurement
14 system, the Disposal Reporting System.

15 --o0o--

16 ACTING BRANCH MANAGER SALA-MOORE: And this
17 system measures all sources of solid waste in California,
18 the residential, commercial, industrial, self-haul,
19 construction, demolition. You can read it on the slide;
20 military, institutional, everything. From all types of
21 haulers, franchized, public, private, commercial,
22 self-haulers, and disposed either in state or exported out
23 of state. So export is not a disposal reduction. We do
24 count that.

25 One thing to keep in mind when -- a lot of times

1 people want to compare like per capita rates with
2 California across to other states or to U.S. EPA
3 information. One thing to keep in mind is there's not
4 consistency in what types of disposed waste are included
5 in those calculations. So in fact the U.S. EPA excludes
6 materials such as construction and demolition materials,
7 industrial, and some industrial waste from its definition
8 of municipal solid waste. California includes all of
9 these in our definition. So for the most part, most
10 states use the U.S. EPA's definition. So something to
11 keep in mind when you're ever going to compare this with
12 other per capita rates.

13 --o0o--

14 ACTING BRANCH MANAGER SALA-MOORE: The Disposal
15 Reporting System was developed so we would have a uniform
16 system to determine where the waste is from.

17 There was extensive stakeholder input during the
18 development of the disposal reporting regulations and also
19 for the revisions that just went into effect January 1st
20 of this year. It's important when you're talking about
21 the Disposal Reporting System to distinguish between
22 tracking and reporting. The system requires that the
23 facilities track detailed origin and tonnage information
24 on a regular basis and maintain these records on site.
25 Each quarter, the tracked information is rolled up and

1 summarized, and the summary data is reported by facilities
2 in the Disposal Reporting System. And it needs to be
3 based on the more detailed tracked information and
4 documentation.

5 --o0o--

6 ACTING BRANCH MANAGER SALA-MOORE: This shows the
7 flow of the information in the Disposal Reporting System.
8 Basically, haulers must provide information to the
9 facilities for the loads they deliver. Transfer stations
10 tally the information and send it to each facility they
11 send waste to. And those reports specify how much waste
12 is sent to each facility that is from each city or county.
13 They also have to prepare a summary report and send it to
14 the facility's host counties.

15 Landfill and waste-to-energy operators then tally
16 the information from transfer stations and from loads
17 delivered directly to the facility and use it to report to
18 send to its host county. The disposal report includes the
19 amount of waste from each city or county unincorporated
20 area, and it's sent to the county each quarter. The
21 county in turn sends the disposal report information to
22 each city or county and to the Board who adds it to the
23 Disposal Reporting System database.

24 This information is collected for all four
25 quarters in the calendar year and made available to cities

1 and counties to use in their annual report and for the
2 Board to use to determine their diversion rate. During
3 the development of the revised disposal regulations, we
4 did look at the time lines again to see if there was any
5 way we could compress it because it takes so long before
6 it comes before the Board. But actually we found we were
7 able to shift a few dates. However, we found our overall
8 time line was already pretty optimistic.

9 --o0o--

10 ACTING BRANCH MANAGER SALA-MOORE: So this slide
11 demonstrates the flow of the disposal reporting data and
12 illustrates the difficulty in compressing our time line.
13 At the end of each quarter, haulers have two weeks to
14 finalize and submit data to the facility operators.
15 Transfer station operators have two weeks to report to
16 other transfer stations and, yes, that does happen a few
17 places in the state. Then there's another two weeks for
18 these transfer stations to compile the data and submit it
19 to landfill and transformation facilities. These
20 facilities then have four weeks to process and reconcile
21 all the data and report to the county agencies.

22 The county agencies have four weeks to summarize
23 the data and submit it to the Board. At the end of the
24 year, there's an additional four weeks for all revisions
25 for all four quarters of the year, and they summarize any

1 of that information and provide it to the Board. The
2 Board then reviews. We investigate errors. We do look to
3 make sure data adds up correctly. We also have tools that
4 help us look for anomalies. So if there's strikes or dips
5 in some of the data, we'll go back to jurisdictions and
6 flag them and ask them to investigate. We'll go back to
7 the counties actually. And then we correct any
8 corrections submitted, and we finalize the disposal
9 reporting data for the year to release to jurisdictions
10 for use in their annual reports.

11 --o0o--

12 ACTING BRANCH MANAGER SALA-MOORE: As already
13 touched on in the adjustment method section, jurisdictions
14 are very diverse. Looking at the range of disposed tons
15 in 2004, Mendocino County have the least disposed tons,
16 while not surprisingly the City of Los Angeles had the
17 most tons disposed. So for these very small
18 jurisdictions, any fluctuation in the amount of waste,
19 just a few special loads of waste, can have a huge effect
20 on their diversion rate. Whereas, for very large
21 jurisdictions, it can go virtually undetected, these types
22 of fluctuations.

23 Residential and business self-haul and small
24 commercial haulers, such as landscapers and roofers, can
25 comprise a significant portion of some jurisdictions'

1 waste stream. On a statewide basis, the last
2 characterization study found that statewide there's about
3 21 percent self-haul in the waste generated.

4 MR. SCOTT: If this reporting system is key
5 initially to the hauling community, how do we verify that
6 what is reported by the haulers are accurate by their
7 jurisdictions? Some might have franchise agreements.
8 Some might prefer to have those clients look better than
9 others. How do we assure ourselves that the front end is
10 accurate?

11 ACTING BRANCH MANAGER SALA-MOORE: One of the
12 things we did do in the revised regulations that just went
13 into effect was to actually put a clause into the
14 regulations that specifies they need to have the
15 documentation. It needs to be based on billing, route, or
16 similar type of information, and they have to have the
17 documentation. And jurisdictions and the Board have to
18 have access to that information. So that was one thing
19 that we did do. There are still limits on what you can
20 do, especially for the self-haul data because you don't
21 have that level of documentation and you don't have those
22 records to go back to.

23 ACTING DEPUTY DIRECTOR VAN KEKERIX: Also on that
24 topic, one of the things that a number of jurisdictions
25 have done over the years when they had questions about the

1 numbers that they were getting was they put into effect
2 their own ordinances or they put terms into their
3 franchise agreements that provide them with more detailed
4 records than the Board would get. So jurisdictions have
5 taken it upon themselves to get more information. But
6 when we were doing the DRS regulations revisions, they
7 specifically asked that we include provisions for
8 increased access to records. And as Sherrie was saying,
9 that's really a problem for self-haul records because that
10 kind of data is much harder to track down.

11 ACTING BRANCH MANAGER SALA-MOORE: And we are
12 seeing more of those ordinances, as Lorraine was saying.
13 There's some ordinances -- or actually contractual
14 relationships where they require their franchisee not to
15 do multiple jurisdiction waste loads, only a single
16 jurisdiction waste load. We have seen that come about
17 also.

18 --o0o--

19 ACTING BRANCH MANAGER SALA-MOORE: When the
20 Disposal Reporting System started, no one realized how
21 complex changing the flow of waste was in California.
22 Waste flows across county lines and state lines and it's
23 continuously changing. To illustrate this, this is a map
24 of California that shows an example of how waste was
25 produced in one county and sent to several counties for

1 disposal. This map shows the waste generated in Los
2 Angeles County shown in blue, and they disposed of over
3 50 percent of their waste within county. But half of the
4 waste or approximately half the waste produced by their
5 residents and businesses in Los Angeles County ends up
6 being disposed out of county. The brown and yellow areas
7 show the eleven counties where waste from Los Angeles
8 County was sent from disposal in 2003.

9 BOARD ADVISOR PECK: Sherrie, just an
10 observation. This is Chris Peck again.

11 This actually, for people who haven't seen it, is
12 one side of the picture that's also on our website. You
13 can get this information for every county in the state.
14 And there's separate data that shows for in flow as well,
15 so you can look up from counties that are importing waste.
16 And it will show you where that waste is coming from by
17 county. It's a great source of information.

18 ACTING BRANCH MANAGER SALA-MOORE: There's a lot
19 of disposal reporting information available online now.
20 And this is available through 2003. They are working on
21 the 2004 amounts now. Staff is working on that.

22 COMMITTEE MEMBER WIGGINS: This shows Los Angeles
23 taking waste to Solano County.

24 ACTING BRANCH MANAGER SALA-MOORE: Now sometimes
25 it could be a particular type of waste. There are some

1 facilities -- and I don't know that Solano County is that
2 example. But there are special waste facilities
3 throughout the state, for example, for designated Class 2
4 wastes. So in some instances --

5 COMMITTEE MEMBER WIGGINS: What is that?

6 ACTING BRANCH MANAGER SALA-MOORE: Class 2 waste
7 is waste that could be like an asbestos, contaminated
8 soil. It's found to be not normal Class 3 waste, but it's
9 not found to be hazardous enough to be Class 1 hazardous
10 waste. The Class 2 designated waste, the Class 2
11 facilities are included in our Disposal Reporting System.
12 We do track that.

13 COMMITTEE MEMBER WIGGINS: Thank you.

14 --o0o--

15 ACTING BRANCH MANAGER SALA-MOORE: So based on SB
16 2202 Board recommendations to the Legislature, and there
17 was a very extensive public input process, that resulted
18 in revised disposal regulations. They were adopted by the
19 Board in 2005 and became effective January 1st this year.
20 Requirements were changed related to scales and weighing,
21 training of staff, origin survey frequency, methods for
22 determining the jurisdiction of origin, tracking and
23 reporting tons and the origin of the waste, and especially
24 related to records and the access of records.

25 --o0o--

1 ACTING BRANCH MANAGER SALA-MOORE: So now we want
2 to take the three primary components and see how they all
3 work together and look at an example of diversion rate
4 measurement calculation.

5 --o0o--

6 ACTING BRANCH MANAGER SALA-MOORE: The base year
7 generation tonnage as we said is a starting point of the
8 disposal-based goal measurement system. Base year
9 generation tonnage is the Board-approved tonnage of all
10 materials disposed or diverted in the calendar year by
11 jurisdiction. So in this example, the jurisdiction in
12 their base year diverted 20 tons. And they disposed of 60
13 tons, which gave it a total base year generation of 80
14 tons.

15 --o0o--

16 ACTING BRANCH MANAGER SALA-MOORE: But before we
17 can compare the Board-approved base year with the
18 measurement year disposal data, the adjustment method
19 needs to be used. And remember, it corrects the base
20 year. The base year generation gets corrected for changes
21 in population and the economy. So in this example, the
22 measured base year generation is 80 tons. But now time
23 has passed and the population has increased and the
24 economy has grown. So the adjustment method calculations
25 estimate a change in the waste generation due to these

1 changes over time.

2 So in this example, due to increases in
3 population in economy, the adjusted calculated generation
4 is 100 tons. That is the estimated generation in the base
5 year -- in the measurement year. So you take the base
6 year, you correct it. Move it into your reporting year as
7 an estimate, so you can compare it to the actual disposal
8 that year.

9 --o0o--

10 ACTING BRANCH MANAGER SALA-MOORE: So the next
11 step is to take a look at the measurement year disposal
12 tonnage. And our disposal reporting system now tracks
13 that, and we get the amount allocated to each jurisdiction
14 each year. So in this example, there were 55 tons
15 reported in the disposal reporting system for this
16 jurisdiction.

17 Now jurisdictions can also submit revisions to
18 the disposal tonnage for corrections that they can
19 document. They can provide that information in their
20 annual report. There are situations if they can provide
21 the documentation, and these situations would include
22 disaster waste resulting from an officially declared
23 disaster, treated medical waste for a city that hosts
24 medical waste treatment facilities so they don't get
25 penalized for hosting the facility for waste that is

1 exported out of state and they can show has been diverted.

2 So those are some of the types of examples. So
3 in this case they submitted a 5-ton correction with the
4 appropriate documentation, so the corrected disposal
5 amount is found to be 50 tons.

6 --o0o--

7 COMMITTEE MEMBER WIGGINS: Can you explain
8 diversion versus disposal?

9 ACTING BRANCH MANAGER SALA-MOORE: Disposal is
10 what gets disposed in our landfills or transformed or
11 exported out of state for disposal. Diverted is what's
12 source reduced, that doesn't go into the waste stream.
13 Diverted is what we're trying to increase. We're trying
14 to get more diversion of waste out of the landfills.

15 COMMITTEE MEMBER WIGGINS: So if they have a
16 special medical waste facility, then that is considered a
17 diversion?

18 ACTING DEPUTY DIRECTOR VAN KEKERIX: No.

19 This is Lorraine Van Kekerix again.

20 In the early days of the law, there were cities
21 that were putting in medical waste treatment centers. And
22 what you do at a medical waste treatment center is you
23 bring in hazardous medical waste and you treat it, and
24 basically your product then is garbage. And the
25 Legislature believed that it was very important that we

1 continue to have medical waste treatment facilities and
2 they didn't want the jurisdictions to be penalized for
3 siting those medical waste treatment facilities. They
4 wanted more of those. So they said okay. The primary
5 product of this is garbage or waste, so we will allow the
6 hosts of medical waste treatment facilities to subtract
7 the number of tons of waste that comes out of that
8 facility off of their disposal tons.

9 COMMITTEE MEMBER WIGGINS: That's clear. Thank
10 you.

11 ACTING BRANCH MANAGER SALA-MOORE: Never knew
12 this was so complicated.

13 The measurement year disposal rate is calculated
14 by dividing the measurement year disposal by the estimated
15 measurement year generation. So the top is what we've
16 measured currently. You have your currently measured
17 disposal. The bottom that you're looking at is we took
18 the base year, we adjusted it for the changes, and now we
19 have our estimated generation as our divisor on the
20 bottom. So in this case, the disposal rate is shown as
21 50 percent. This is our goal. This is what jurisdictions
22 are to meet.

23 --o0o--

24 ACTING BRANCH MANAGER SALA-MOORE: Then to get
25 the actual diversion rate, that's found by backing it in.

1 So you subtract the measurement year disposal rate from
2 100 percent of generation. So first you find the disposal
3 rate, the percentage disposed, you subtract that from
4 100 percent to get the diverted diversion rate. So
5 remember, this is a disposal based system. So the
6 diversion rate can only be based on adjusted base year
7 generation that's been estimated and the reporting year
8 disposal.

9 --o0o--

10 ACTING BRANCH MANAGER SALA-MOORE: Now in
11 addition to the normal diversion rate, I think you
12 highlighted a little bit of this earlier today, there are
13 two types of diversion credits that can be calculated that
14 modify the measurement. They both can be a maximum of 10
15 percent. And if a jurisdiction claims transformation,
16 they can't claim biomass. If they claim biomass, they
17 cannot claim transformation. So they can only do one or
18 another. And that's in Public Resources Code 41783.1.

19 --o0o--

20 ACTING BRANCH MANAGER SALA-MOORE: So here's an
21 example of a biomass diversion credit. And the
22 jurisdiction in this case, if their estimated measurement
23 year generation without biomass is 100 tons and the tons
24 sent to the biomass facility are 20 tons, and that's 20
25 percent of the measured year generation, and the diversion

1 rate without the biomass is already calculated at 40
2 percent -- so you first go through all the calculations.
3 You get your diversion rate. Then on top of that, you can
4 do a diversion credit for biomass or transformation. So
5 in this case, the biomass credits allotted are 10 percent,
6 a maximum of 10 percent. So the adjusted diversion rate
7 with the biomass adjustment is 50 percent.

8 --o0o--

9 ACTING BRANCH MANAGER SALA-MOORE: And similarly
10 for transformation. We do have waste sent to permitted
11 transformation facilities that does count as disposal and
12 it is included in the disposal reporting system. We have
13 three permitted facilities in California; two in
14 Los Angeles and one in Stanislaus County. These credits
15 started in 2000. And then a portion of the waste sent for
16 transformation was allowed after 2000 to count as
17 diversion credit. And only up to 10 percent of the city's
18 waste generation that's sent to transformation may count
19 as diversion each year.

20 --o0o--

21 COMMITTEE MEMBER PEACE: Excuse me. I have a
22 question. This is Cheryl Peace, Board member with the
23 Waste Board.

24 Is it true that the three transformation
25 facilities are the only ones that you can get diversion

1 credit from? If someone else put up a transformation
2 facility, a new transformation facility, that they would
3 would not be able to get transformation credit from that
4 new facility?

5 ACTING DEPUTY DIRECTOR VAN KEKERIX: The law
6 currently states that in order to get the transformation
7 diversion credit, it has to go to a facility that was
8 permitted and operating prior to January 1, 1995. So any
9 transformation facility that was built today would not be
10 able to achieve or to obtain diversion credit.

11 COMMITTEE MEMBER PEACE: Is that the same case
12 with the biomass facilities?

13 ACTING DEPUTY DIRECTOR VAN KEKERIX: Biomass
14 facilities are a totally different animal. Biomass is not
15 defined as either disposal or diversion. It's outside the
16 measured waste stream, and they don't have to provide us
17 with any data at all if they don't want to. So we get
18 information from biomass facilities that will voluntarily
19 give it to us, and then we get the claims from the
20 jurisdictions and we take a look at those and we add that
21 on to the top. The transformation or waste-to-energy
22 facilities are included within our disposal reporting
23 system so we have data from those three facilities.

24 COMMITTEE MEMBER PEACE: But if someone put up a
25 new biomass facility, could they still get 10 percent?

1 ACTING DEPUTY DIRECTOR VAN KEKERIX: I believe
2 so.

3 COMMITTEE MEMBER PEACE: Thank you.

4 ACTING BRANCH MANAGER SALA-MOORE: This is an
5 example of the transformation credit. On the left side of
6 the chart, you have the jurisdiction's adjustment method
7 generation, adjusted generation from the base year the
8 adjusted, and it's now 100 tons as the estimated
9 measurement year generation. On the right, you see the
10 jurisdiction's transformation is 20 tons or 20 percent of
11 the total generation. But since they can only get up to
12 10 percent of the total generation, only 10 tons of
13 transformation is allowed as diversion, and the remainder
14 of the transformation counts as disposal.

15 COMMITTEE MEMBER WIGGINS: Could a transformation
16 facility be providing energy?

17 ACTING BRANCH MANAGER SALA-MOORE: All three of
18 those are waste-to-energy facility. All the three
19 permitted transformation facilities in the state currently
20 are waste-to-energy facility.

21 COMMITTEE MEMBER WIGGINS: But it's considered
22 disposal for those.

23 ACTING BRANCH MANAGER SALA-MOORE: Yes. As the
24 waste that enters those facilities are considered
25 disposal.

1 COMMITTEE MEMBER WIGGINS: And then now starting
2 in 2000, it says a portion of the waste sent to
3 transformation may count as diversion, but it can only go
4 up to 10 percent.

5 ACTING BRANCH MANAGER SALA-MOORE: Yeah. It's on
6 the back end. After you do all your calculations, you
7 take your base year. You adjust it for changes in
8 population economics. And you have your estimated
9 measurement year generation. Then from that, you look at
10 the current year disposal, and you calculate your
11 diversion rate. Then on top of that, you can get up to a
12 10 percent credit for the transformation.

13 COMMITTEE MEMBER WIGGINS: But if you're turning
14 garbage into energy, why is it limited to 10 percent?

15 ACTING BRANCH MANAGER SALA-MOORE: The
16 Legislature determined in the law.

17 COMMITTEE MEMBER WIGGINS: Well, duh on them.

18 --o0o--

19 ACTING BRANCH MANAGER SALA-MOORE: So as
20 discussed in the beginning of our presentation, the
21 estimated diversion rates are only one indicator of a
22 jurisdiction's compliance with the Integrated Waste
23 Management Act. And our diversion rates cannot be
24 calculated until all the adjustment factor data is
25 available.

1 So to better understand our time line, we'll
2 review the 2004 annual report and biennial review
3 timeline. So in 2004, disposal data was tracked and
4 reported during the calendar year. And as was indicated
5 at the March workshop, although the statutory deadline for
6 jurisdictions to submit their annual reports is August 1st
7 of the following year, there are delays in obtaining some
8 of the required data from other agencies. And also it
9 gives us more time to finalize the disposal reporting
10 data. So we have taken advantage of that to correct the
11 data a little more than we would have been able to.

12 Once all the data is received in house, staff
13 must input and verify the data before it can be released.
14 So the 2004 annual reports were due March 1st, 2006. So
15 the jurisdictions would have sufficient time to review and
16 process the data for their annual reports. Board staff
17 are currently following up on the twelve reports that, as
18 Lorraine indicated, were not yet submitted and making sure
19 the reports that were received are complete. Then the
20 biannual review process will begin, and it's anticipated
21 agenda items will start being brought to the Board in
22 September. And we'll continue each month until all the
23 reviews are completed. And now Lorraine is going to take
24 over and talk about this slide.

25 --o0o--

1 ACTING DEPUTY DIRECTOR VAN KEKERIX: First off, I
2 briefly wanted to say something about the statewide
3 diversion rate. The statewide diversion rate is not
4 required by law. But one of the early Chairs of the
5 Board, Jess Huff, said that really the State needed to
6 look at what the statewide diversion rate was. And under
7 his direction and Board approval, we started calculating
8 the statewide diversion rate, and we have presented it
9 every year to the Board. The most recently available
10 statewide diversion rate shows we're at 48 percent in
11 2004.

12 --o0o--

13 ACTING DEPUTY DIRECTOR VAN KEKERIX: Yes, Chris.

14 BOARD ADVISOR PECK: Lorraine, quick question.
15 Chris Peck.

16 So the 2004 diversion rate in all prior years was
17 calculated using the consumer prize index?

18 ACTING DEPUTY DIRECTOR VAN KEKERIX: That's
19 correct.

20 BOARD ADVISOR PECK: So what do we think it's
21 going to be in 2005 when we use the new -- and are we
22 going to use the taxable sales deflator?

23 ACTING DEPUTY DIRECTOR VAN KEKERIX: We expect to
24 be coming to the Board to get an answer to that question
25 on whether the Board wants to continue with consumer price

1 index or change to taxable sales deflator index.

2 BOARD ADVISOR PECK: So that will be coming to
3 the Committee when?

4 ACTING DEPUTY DIRECTOR VAN KEKERIX: I'm not sure
5 exactly when it will be coming to the Committee and Board,
6 but we do expect to bring that as a decision the Board
7 makes.

8 What we have done with the statewide diversion
9 rate is we use exactly the same method on the statewide
10 rate as the individual jurisdictions have used to
11 calculate their own rates.

12 As you've heard, we've done a number of system
13 review and improvements. There are a couple of others
14 that we didn't list that we've taken a look at.

15 --o0o--

16 ACTING DEPUTY DIRECTOR VAN KEKERIX: But with the
17 recent changes that we've had in our economy, we have
18 undertaken an additional --

19 --o0o--

20 ACTING DEPUTY DIRECTOR VAN KEKERIX: -- review of
21 the method is starting in the fall of 2004. We started to
22 look at options for an alternative compliance system. As
23 you've heard, our existing system is complex. There's a
24 delay in the data and a big lag time between the time we
25 measure diversion rates and when jurisdictions are looking

1 at whether their programs are appropriate. It's very
2 difficult to do so with a lag in diversion rates.

3 We have a number of jurisdictions that have moved
4 to more accurate base years post-1990. We also have found
5 over time that disposal data is more accurate for larger
6 areas with fewer boundaries. So when we've had regional
7 agencies that are entire counties, there're a lot fewer
8 accuracy issues than say for Los Angeles that has 89
9 jurisdictions within the single county. Small rural
10 jurisdiction disposal data has large annual fluctuations,
11 and addressing the accuracy issues is quite time
12 consuming.

13 --o0o--

14 ACTING DEPUTY DIRECTOR VAN KEKERIX: Starting in
15 fall of 2004, the Board undertook a process, and we asked
16 the stakeholders what criteria they wanted a compliance
17 system to have. They told us they wanted timely
18 measurement, a flexible system. They wanted
19 accountability, a simple system, easy to use, cost
20 effective, and recognize that measurement is an indicator
21 and focus on diversion program implementation since
22 diversion programs are what keeps the waste out of the
23 landfill.

24 --o0o--

25 ACTING DEPUTY DIRECTOR VAN KEKERIX: Board staff

1 developed an option to meet the criteria. The option was
2 distributed to stakeholders and discussed at numerous
3 public workshops. And the option built on the existing
4 system. In discussions with the Legislature, they said
5 that they wanted to be the ones that set a new goal, so we
6 proposed a structure but not a goal. We're looking at
7 relying on countywide disposal data as an indicator. And
8 this is consistent with the statutory intent to reduce
9 waste disposal and the Board's zero waste goal, and we'll
10 have more accurate disposal data with newly revised
11 regulations that just went into effect. It will focus on
12 diversion programs, reduce the time spent on measurement
13 issues and on preparing progress reports to the Board, and
14 keep the Board's existing biennial review framework for
15 review and progress with just a few changes.

16 --o0o--

17 ACTING DEPUTY DIRECTOR VAN KEKERIX: If we take a
18 look at it, jurisdictions would still be required to adopt
19 plans, but they would be adopting plans to achieve the new
20 disposal requirement. Jurisdictions would still implement
21 diversion plans. Jurisdictions would switch to sending us
22 a progress report once every two years instead of every
23 year. They would describe -- they would include
24 countywide disposal as an indicator. Instead of using the
25 adjustment method, they would describe the growth that's

1 happened within their jurisdiction.

2 --o0o--

3 ACTING DEPUTY DIRECTOR VAN KEKERIX: For the
4 biennial review process, we would still have Board good
5 faith efforts, including consideration of the growth
6 description and that would kick in if the countywide
7 disposal indicator wasn't met. And we would still have
8 compliance orders based on diversion program
9 implementation. It looks like our slides got flipped
10 here, so I'm going to skip this next one because I think
11 we've already covered it.

12 --o0o--

13 ACTING DEPUTY DIRECTOR VAN KEKERIX: And finally,
14 if we kept with the same kind of thing that we've done in
15 the past, we would use the same method that the
16 jurisdictions would use. So what we would be looking at
17 for a statewide indicator would be disposal which is the
18 purple line on the statewide diversion rate estimate
19 graph.

20 BOARD ADVISOR PECK: Question, Lorraine. This is
21 Chris Peck again.

22 Do the changes that we're recommending here that
23 we're putting into place, are they going to do anything
24 about the minimum two-year time lag between reported
25 information and the Board's approval of -- I mean, we're

1 getting ready at the end of 2006 to take action on 2003
2 and 2004 annual rates.

3 ACTING DEPUTY DIRECTOR VAN KEKERIX: Since we
4 wouldn't be using the adjustment method, we wouldn't have
5 to wait for those factors to become available. So that
6 would wipe out the adjustment method factor. There would
7 still be some delay in getting disposal data. Because as
8 you saw when Sherrie went through the time line, the data
9 passes through many hands. So it would not be
10 instantaneous, but there would be much less delay.

11 BOARD ADVISOR PECK: Thank you. That's really
12 good news.

13 --o0o--

14 ACTING DEPUTY DIRECTOR VAN KEKERIX: The Board
15 directed staff to submit an option for the alternative
16 compliance system to the Legislature. And the Board and
17 stakeholders will have an opportunity to participate in
18 development of any legislation that deals with the option
19 and new disposal goals and requirements.

20 MR. SCOTT: We're at the point in the legislative
21 process where it's the second half of a two-year session.
22 I take it from the way in which these verbs are used, we
23 don't actually have a bill in the Legislature.

24 ACTING DEPUTY DIRECTOR VAN KEKERIX: There is not
25 a bill in the Legislature. There are legislators that

1 have heard about the option, and there's a possibility
2 that they might have a bill that's currently a spot bill.
3 But, no, there is no bill identified at this point in
4 time.

5 MR. SCOTT: So all of the good things this would
6 do have not yet happened and we're not sure when they
7 will.

8 ACTING DEPUTY DIRECTOR VAN KEKERIX: Well, I
9 think that the original 939 -- I was not around when that
10 happened. But my understanding is that that one took
11 quite a bit of discussion over a period of even a couple
12 years. I don't know whether this will move more rapidly
13 or there will be a lot of discussion. I know that many of
14 the jurisdictions have told me that they're very concerned
15 about what the goal might be. And so they intend to
16 follow it closely and be active participants in the
17 legislative process.

18 MR. SCOTT: Is it not possible to implement these
19 improvements without changing the goal?

20 ACTING DEPUTY DIRECTOR VAN KEKERIX: The statute
21 requires that we do the diversion rates. So most of this
22 would require changes in statute.

23 MR. SCOTT: I understand that.

24 BOARD MEMBER BROWN: The question is if the
25 legislation moves forward, can't the alternative

1 measurement system move forward without stipulating
2 specific goals for counties to reach at specific dates
3 like 939 did?

4 ACTING DEPUTY DIRECTOR VAN KEKERIX: Elliot Block
5 will answer that.

6 STAFF COUNSEL BLOCK: Elliot Block from the Legal
7 Office.

8 There would need to be some goal. Because even
9 as an indicator, there has to be a number that it's tied
10 to. Whether that needs to be a different number or not,
11 it doesn't need to be a different number. But I think
12 that's what Lorraine was alluding to. The discussion is
13 about whether that should stay the same 50 percent or
14 move. And, unfortunately, for better force, they're kind
15 of tied together during the discussions. But, yes,
16 certainly -- and that's what we did. We split up the
17 alternative and structured what we worked on as a
18 structure that could be used with the goal could be what
19 it is now, could be different, it could be phrased in a
20 different way. Because it's got to be tied to something.
21 You can't have no goal, because then it's not indicating
22 anything.

23 BOARD MEMBER BROWN: Are the jurisdictions
24 concerned that they're going to be set a goal like 75
25 percent and/or graduated goals of 60 and 75 percent at

1 certain times in the future?

2 ACTING DEPUTY DIRECTOR VAN KEKERIX: There are
3 some jurisdictions that don't have a concern with that.
4 There are some that currently have locally adopted
5 diversion rate goals of 70, 75 percent. There are other
6 jurisdictions that are very concerned about increasing the
7 diversion rate or going to looking at disposal tons. The
8 jurisdictions that I've talked to have indicated their
9 concern is when they are rapidly growing they will not be
10 able to meet disposal that is held constant. And other
11 jurisdictions have expressed concern if the Board really
12 wants to move to zero waste or the Legislature wants to
13 move to zero waste and they actually are asked to decrease
14 their tonnage over time. So they are very concerned about
15 all of the changes, and many of them have indicated they
16 intend to be very active participants in the legislative
17 process.

18 STAFF COUNSEL BLOCK: Let me just clarify,
19 because I think I used the term 50 percent. The
20 alternative works off of a key to disposal numbers. So
21 when I use the term 50 percent, I meant keeping the
22 disposal number at a constant or having some adjustments
23 in there.

24 MR. SCOTT: The irony is how you've outlined this
25 new method, it's more accurate and there's greater

1 accountability and takes less time. It's ironic that
2 those kind of improvement -- those beneficial improvements
3 are perhaps tied up in the discussion about what the goal
4 of diversion should be. And I don't know if there's a way
5 of bifurcating it and having a bill that simply improves
6 the system as it is and worrying about what the
7 Legislature will do with that diversion goal. Because
8 this certainly seems like it's a better system.

9 COMMITTEE MEMBER WIGGINS: So the methodology for
10 calculating this was in the legislation? Was that in 939?

11 ACTING DEPUTY DIRECTOR VAN KEKERIX: Yes. That
12 was in 939.

13 COMMITTEE MEMBER WIGGINS: So changing the way we
14 calculate it has to be done legislatively?

15 ACTING DEPUTY DIRECTOR VAN KEKERIX: That's
16 correct. AB 939 was an extremely specific piece of
17 legislation. Okay.

18 --o0o--

19 ACTING DEPUTY DIRECTOR VAN KEKERIX: Summary of
20 key points. As you've heard this whole presentation, the
21 diversion rate estimate is an indicator. So that's why
22 the Board looks at both the diversion rate estimate and
23 program implementation when you're taking a look at
24 jurisdiction progress in the biennial review.

25 We have had many reviews of the adjustment method

1 and concluded that if we're going for something that uses
2 data that's available for everyone at no cost, then this
3 is the most accurate method. And we've done that several
4 times now.

5 --o0o--

6 ACTING DEPUTY DIRECTOR VAN KEKERIX: Many of the
7 problems with diversion rate estimates relate to base year
8 data accuracy. We've got 192 jurisdictions that have base
9 years between 1997 and 2003. And if you will note, these
10 are newer base years, and some of them are closer to ten
11 years old now.

12 --o0o--

13 ACTING DEPUTY DIRECTOR VAN KEKERIX: And DRS
14 accuracy should improve beginning with 2006 data. The
15 Board will be reviewing the jurisdiction progress in
16 upcoming biennial reviews for 2003 and '04 that start this
17 September. And legislative discussions will be starting
18 on an alternative compliance system to address many of the
19 issues.

20 --o0o--

21 ACTING DEPUTY DIRECTOR VAN KEKERIX: And we have
22 an enormous amount of information on our website. I will
23 also be happy to come up and talk with any Board members
24 and advisors on the Diversion Rate Measurement System.
25 And happy to answer any additional questions you may have.

1 COMMITTEE MEMBER WIGGINS: This was a good
2 presentation. Thank you.

3 ACTING DEPUTY DIRECTOR VAN KEKERIX: Any
4 additional questions? Okay. If not, we'll wrap up the
5 workshop. So thanks very much for all of you listening
6 over the web. I hope it was instructional.

7 (Thereupon the California Integrated Waste
8 Management Board, Sustainability and Market
9 Development Committee Adjourned at 12:35 p.m.)

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1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 10th day April, 2006.

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